

No. 16

July 24, 2001

## **S. 1191 – Agriculture, Rural Development, FDA, and Related Agencies Appropriations Act, FY 2002**

Calendar No. 91

Reported as an original bill from the Senate Appropriations Committee on July 18, 2001, by a vote of 28-0. S. Rept. 107-41.

### **NOTEWORTHY**

- S. 1191 provides \$73.90 billion in total obligational authority for agriculture, rural development, and nutrition programs for FY 2002. This is \$78.1 million less than the President's budget request and \$870 million more than FY 2001, excluding \$3.64 billion in FY01 emergency funds. [See attached chart.]
- Of this total, \$16.14 billion is discretionary spending and the remainder is mandatory spending for such programs as food stamps (\$21.1 billion), child nutrition (\$10.1 billion), payments to the Federal Crop Insurance Corporation fund (\$3.04 billion), and Commodity Credit Corporation (\$23.12 billion).
- Nearly half of the FY 2002 spending in this bill (\$35.84 billion) is devoted to domestic food assistance (Title IV of the bill): food stamps, child nutrition, WIC (supplemental nutrition program for women, infants, and children), commodity, and other food assistance programs.
- The House passed its \$74.36 billion version of agriculture appropriations, H.R. 2330, on July 11, by a vote of 414-16. During floor consideration, a drug-reimportation amendment was agreed to that would allow consumers to buy U.S.-manufactured, federally approved prescription drugs by mail and other means from abroad for their personal use. The Senate-reported bill does not address the issue of drug reimportation, but proponents anticipate an amendment will be offered on the Senate floor. Health and Human Services Secretary Thompson recently stated his concern that the safety of prescription drugs could not be adequately guaranteed if drug reimportation were allowed under the Medicine Equity and Drug Safety (MEDS) Act of 2000 [the language passed as part of last year's agriculture funding bill; see RVA's 216 and 217 of the 106<sup>th</sup> Congress].
- The reported bill does not address Cuba sanctions, but Senator Dorgan has indicated he may offer an amendment to lift restrictions of U.S. exports of food and medicines to Cuba. The Senator deems compromise language in last year's agriculture funding bill as insufficient.

## HIGHLIGHTS

### Appropriations Breakdown by Title (dollars in millions)

See also the more detailed chart at the end of this Notice.

Appropriation Account		FY 2001 Level	FY 2002 As Reported
Title I — Agricultural Programs	\$ 33,249.9	\$ 31,855.9	
Title II — Conservation Programs		871.6	980.4
Title III — Rural Econ./Community Devlpmt.		2,475.7	2,793.7
Title IV — Domestic Food Programs		34,111.7	35,840.0
Title V — Foreign Assistance Programs		1,090.2	1,128.1
Title VI — Related Agencies and FDA		1,165.3	1,287.4
Title VII — General Provisions	29,922.6		
<b>TOTAL, new budget (obligational) authority</b>	<b>\$73,102.2*</b>	<b>\$73,898.0</b>	

\*Includes rescissions pursuant to Public Law 106-554 and excludes emergency appropriations.

### Highlights from Title I, Agricultural Programs

- The bill provides \$939 million in appropriations for Farm Service Agency salaries and expenses, an increase of \$112.5 million over last year. This amount is supplemented by \$274.4 million in transfers from program accounts for a total amount of \$1.21 billion. This is the same amount requested by the President.
- The bill provides \$3.89 billion in authorized loan levels for agricultural credit programs for farmers, \$800 million more than last year's level.
- Funding for the Food Safety and Inspection Service is \$715.7 million, an increase of \$20.5 million from last year.
- Agricultural research, education, and extension activities total \$2.12 billion. This includes an increase of \$25.6 million from FY 2001 for ARS buildings and facilities, an increase of \$107.9 million for research activities for ARS, and a \$39.6 million increase in total funding for the Cooperative State Research, Education, and Extension Service. The Agricultural Research Service is provided \$1.10

billion, and activities of the Cooperative State Research, Education, and Extension Service are funded at a level of \$1.02 billion.

- The Committee provides \$23.1 billion in mandatory payments required to reimburse the Commodity Credit Corporation (CCC). Last year, CCC was provided \$25.26 billion.

## **Highlights of Title II, Conservation Programs**

- The bill provides a total funding level of \$980.4 million for the various conservation programs of the Department of Agriculture (USDA). This is an increase of \$108.9 million from the FY 2001 level. Funding of \$802.45 million is provided for the conservation operations account of the Natural Resources Conservation Service. This is \$90 million above last year's funding level.

## **Highlights of Title III, Rural Development**

- Rural housing loan authorizations are \$4.501 billion. This is \$32 million above the FY 2001 level and \$30.3 million above the level requested by the President.
- Funding for rural rental assistance is increased \$30 million over last year to \$708 million, which is \$15 million more than the President's request.
- Funding for the Rural Community Advancement Program, which includes funds for water and waste disposal loans and grants, solid waste management grants, community facility loans and grants, and rural business enterprise grants, is increased to \$1 billion. This is \$243.3 million above the FY 2001 level.

## **Highlights of Title IV, Domestic Food Programs**

- The bill provides \$10.1 billion for the child nutrition programs.
- Funding for the Food Stamp program is \$21.1 billion. It assumes the same reserve as FY 2001, and full funding for the emergency food assistance program.
- The Special Supplemental Feeding Program for Women, Infants, and Children (WIC) is funded at \$4.247 billion. This is an increase of \$204 million from last year's level and \$110 million more than the President's budget request. Since the submission of the President's budget, WIC participation appears to be above projected levels and economic forecasts for the coming year suggest program demand will continue to rise.

## **Highlights of Title V, Foreign Assistance Programs**

- Funding for salaries and expenses for the Foreign Agricultural Service is \$121.5 million, \$6.4 million above the FY 2001 level.
- Public Law 480 programs are funded at the following program levels: Title I — \$159.3 million; and Title II — \$850 million (an increase of \$14.8 million).

## Highlights of Title VI, FDA and Related Agencies

- Total funding for the Food and Drug Administration (FDA) is \$1.22 billion, which is \$119.5 million above last year's amount. This includes the Administration's request for an increase of \$13.9 million from the FY01 level for Medical Device Application Review for the purpose of bringing FDA's application review time-frame to meet the 180-day statutory requirement.

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### BILL PROVISIONS

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#### Title I —Agricultural Programs

**Total Funding:** Title I appropriates a total of \$31.86 in mandatory and discretionary funding for various agricultural programs. Of this total, \$23.12 billion goes to the Commodity Credit Corporation and \$3.1 billion goes to the Federal Crop Insurance Corporation fund. The remainder funds the agricultural research, executive operations, agricultural marketing services, cooperative state research, extension service, animal and plant health inspection, food safety and inspection, and farm assistance programs.

**Commodity Credit Corporation (CCC):** Funds CCC at such sums as may be necessary, estimated in the budget to be \$23.12 billion for net realized losses incurred from the commodity price and farm income support activities. This is a decrease of \$2.15 billion from the current estimated level from the current year. The Conservation Reserve Program (CRP) continues through FY 2002, with up to 36.4 million acres enrolled at any one time. The Wetlands Reserve Program is authorized through FY 2002, not to exceed 975,000 acres in total enrollment. The cost-share assistance program entitled Environmental Quality Incentives Program (EQIP, established to assist crop and livestock producers in dealing with environmental and conservation improvements on the farm) is funded at \$200 million for FY 2002.

**Federal Crop Insurance Corporation Fund:** Recommends an appropriation of such sums as necessary, estimated to be \$3.04 billion. This is the same as the budget request, and \$232 million more than last year for this program, which was designed to replace the combination of crop insurance and ad hoc disaster payments with a strengthened crop insurance program.

**Food Safety and Inspection Service (FSIS):** The bill provides \$715.7 million in direct appropriations, which is \$20.6 million more than the 2001 level and \$205 million more than the budget request.

#### Title II — Conservation Programs

**Conservation Programs:** The bill increases funding to \$979.7 million for the Natural Resources Conservation Service (\$108.8 million above FY 2001 and \$51.8 million more than the request), including

\$802.5 million for operations, \$10.9 million for watershed surveys and planning, \$100.4 million for watershed and flood development, and \$10 million for watershed rehabilitation.

### **Title III — Rural Economic and Community Development Programs**

**Rural Development Programs:** The bill provides \$1 billion, an increase of \$312 million over the budget request and \$243.3 million above last year, for the Rural Community Advancement Program (RCAP), which was created in the 1996 Farm Bill, to make water and sewer loans that are essential to rural communities throughout the nation. RCAP is made up of: direct and guaranteed water and waste disposal loans; water and waste disposal grants; emergency community water assistance grants; solid waste management grants; direct and guaranteed business and industry loans; rural business enterprise grants; and community facility loans and grants. The Committee includes bill language to make available up to \$24 million for the development of safe water systems for rural and native villages in Alaska, \$16 million for water and waste for Federally Recognized Native American Tribes, and \$20 million for water and waste disposal systems for the so-called colonias along the U.S.-Mexico border.

**Rural Housing and Community Development Service Programs:** The Rural Housing Service (RHS) was established in 1995. Its programs were previously administered by the Farmers Home Administration and the Rural Development Administration. The bill provides a total of \$4.5 billion for loan authorizations, including \$4.2 billion for single-family (section 502) direct and guaranteed loans; and \$114 million for section 515 rental housing loans. It also includes \$708 million for rental assistance (\$30 million over last year and the same as the budget request).

**Rural Business-Cooperative Service Programs (RBCS):** RBCS was created in 1995. The Committee recommends \$46.8 million for the Rural Business-Cooperative Service. A total loan level of \$10 million is recommended for rural development loans. The total loan level for RBCS is \$53.1 million.

**Rural Utilities Service (RUS):** The RUS was established under the Department of Agriculture Reorganization Act of 1994 to administer the electric and telecommunications programs of the former Rural Electrification Administration and the water and waste programs of the former Rural Development Administration. The bill provides a total loan authorization level of \$5.5 billion for electric and telecommunications loans, which is \$1.9 billion above the budget request and \$1.8 billion more than last year. Also, the bill provides \$52 million for the Distance Learning and Telemedicine Program, an amount that is \$25 million more than the 2001 level and the budget request. Of this, \$25 million is to be made available for a program to finance broadband transmission and local dial-up Internet service for rural areas. The local television loan program is funded at a loan level of \$322.6 million.

### **Title IV — Domestic Food Programs**

**Food Stamp Program:** Provides a total of \$21.1 billion, \$972.8 million more than FY 2001 and \$900 million less than the budget request because the bill provides \$100 million to be available as a contingency reserve (the same as last year) whereas the Administration requested \$1 billion.

**Women, Infants and Children (WIC) Feeding Program:** Recommends an appropriation of \$4.25 billion for WIC, which is \$204 million above last year's level and \$110 million more than the budget request.

**Child Nutrition Programs:** To improve the health and well-being of the nation's children, the child nutrition programs include school breakfast and lunch programs, child and adult care food programs, summer food services, and nutrition education and training programs. In addition, the special milk program provides funding for milk service in schools, nonprofit child care centers, and camps which have no other federally assisted food programs. For these programs, the Committee provides an appropriation of \$4.75 billion, plus a transfer from section 32 of \$5.3 billion, for a total program level of \$10.1 billion, which is \$1.5 million less than the budget request and \$546 million more than last year.

## **Title V — Foreign Assistance and Related Programs**

**Foreign Agricultural Service:** The Committee provides \$125.8 million, the same as the budget request and \$6.4 million more than last year.

**Public Law 480 (Food for Peace):** The bill appropriates \$1 billion for Public Law 480 accounts, which serve as the primary means for the U.S. provision of food assistance overseas. A total program level of \$850 million is for grants under Title II for food aid for humanitarian relief through private voluntary organizations or through multilateral organizations like the World Food Program, an amount which is \$14.8 million above both last year's amount and the request. It further provides \$159.7 million for the direct loan level and ocean freight differential.

## **Title VI — FDA and Related Agencies**

**Food and Drug Administration (FDA):** The bill provides for a total level of \$1.22 billion for the FDA. The direct appropriation for salaries and expenses is \$1.18 billion. An additional \$162 million from the Prescription Drug User Fee Act user fees, plus \$16 million from mammography clinic inspection fees, plus \$6 million in export and certification fees bring the total amount authorized for salaries and expenses to \$1.36 billion. Of the above amount, the Committee recommends \$234.8 million for food safety funding, and \$34.3 million for buildings and facilities (the same amount as requested). The Committee provides a net total for the FDA that exceeds the amount requested by some \$6 million but does not provide the \$2.95 million requested for drug reimportation.

**Commodity Futures Trading Commission:** Appropriates \$70.4 million, which is \$2.5 million above last year but the same as the amount requested.

**Farm Credit Administration:** Recommends a limitation on administrative expenses of \$36.7 million, the same as the request, and slightly less than last year's amount.

## **Title VII — General Provisions**

Funds appropriated under this title amount to \$12.6 million, including \$10 million for the child and adult care feeding program to accommodate section 736 which amends the National School Lunch Act to continue to allow proprietary centers to participate in the child and adult care feeding program if at least 25 percent of the children served meet the income-eligibility criteria. A new section 733 allows up to \$5 million for administrative costs associated with the distribution of commodities. Section 734 allows the Secretary to transfer up to \$26 million in funds for technical assistance to implement the Conservation Reserve Program and provides that the Secretary may elect to enroll no more than 340,000 acres for continuous sign-up, conservation reserve enhancement, or wetland pilot purposes, but no acres for regular enrollment in the program.

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### **ADMINISTRATION POSITION**

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No official Administration position was available at press time, but one was anticipated.

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### **POSSIBLE AMENDMENTS**

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| Dorgan. | Reimportation<br>of U.S.-made drugs.                                    |
| Dorgan. | Lift restrictions on sales of food and medicines to Cuba.               |
| Dorgan. | Food Distribution Program for Indian reservations regarding bison meat. |
| Harkin. | Re. labeling of cocoa beans.  |

Staff contact: Judy Myers, 224-2946  
Attachment: Comparative Statement

# Agricultural Appropriations, FY 2002

(In thousands of dollars; only selected programs listed)

<u>Appropriation Account</u>	<u>2001 Appropriation</u>	<u>President's Request</u>	<u>Committee Recommendation</u>
<b>Title I, Agricultural Programs</b>			
Agricultural Research Service	970,872	946,053	1,104,363
Cooperative State Research, Educ., Extension	979,403	862,572	1,018,968
Animal and Plant Inspection Service	539,245	708,114	607,943
Food and Safety Inspection Service	695,171	715,542	715,747
Crop Insurance Corp. Fund	2,804,660	3,037,000	3,037,000
Commodity Credit Insurance Fund	25,264,441	23,116,000	23,116,000
Agricultural Credit Insurance Fund	385,594	465,972	468,222
<i>Loan Authorization</i>	<i>(3,090,216)</i>	<i>(3,855,000)</i>	<i>(3,890,695)</i>
Farm Service Agency	830,006	942,123	943,123
<b>Subtotal (total, Title I)</b>	<b>33,249,900</b>	<b>31,636,339</b>	<b>31,855,922</b>
<b>Title II, Conservation Programs</b>			
Natural Resources Conservation Service	870,847	927,875	979,686
<b>Subtotal (total, Title II)</b>	<b>871,556</b>	<b>928,605</b>	<b>980,416</b>
<b>Title III, Rural Development Programs</b>			
Rural Housing Service	1,443,291	1,458,402	1,480,977
<i>Loan Authorization</i>	<i>(4,469,183)</i>	<i>(4,470,648)</i>	<i>(4,501,044)</i>
<b>Subtotal (total, Title III)</b>	<b>2,475,739</b>	<b>2,401,520</b>	<b>2,793,742</b>
<i>Loan Authorization</i>	<i>(8,207,260)</i>	<i>(8,034,077)</i>	<i>(10,017,310)</i>
<b>Title IV, Domestic Food Programs</b>			
Food stamp programs	20,119,228	21,991,986	21,091,986
Child nutrition programs	9,541,510	10,088,746	10,087,246
Women, Infants, and Children	4,043,086	4,137,086	4,247,086
<b>Subtotal (total, Title IV)</b>	<b>34,111,683</b>	<b>36,629,391</b>	<b>35,839,891</b>
<b>Title V, International Programs</b>			
PL 480 (Food for Peace)	971,217	971,376	1,002,500
<i>Program Level</i>	<i>(835,159)</i>	<i>(835,159)</i>	<i>(850,000)</i>
CCC export loan	3,812	4,014	4,014
<b>Subtotal (total, Title V)</b>	<b>1,090,199</b>	<b>1,096,953</b>	<b>1,128,077</b>
<b>Title VI, Related Agencies</b>			
Food and Drug Administration	1,097,454	1,210,904	1,216,951
<b>Subtotal (total, Title VI)</b>	<b>1,165,304</b>	<b>1,281,304</b>	<b>1,287,351</b>
<b>Title VII, General Provisions</b>	<b>29,945</b>	<b>1,996</b>	<b>12,596</b>
<b>GRAND TOTAL</b>			
New budget authority	<b>73,029,238*</b>	<b>73,976,108</b>	<b>73,897,995</b>

\*Excludes \$3.64 billion in FY 2001 emergency agricultural appropriations